

Covid-19, capitalism and political elites: The real threat to humanity

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Abstract

It has been more than a year since the Covid-19 outbreak in Wuhan, one of the largest cities in China. The global tsunami that followed took the bourgeois regimes across the globe by surprise heralding a new era of socioeconomic misery, suggesting that this multifaceted crisis could become the worst crisis in the history of capitalism. The inability of the current political system to deal with the Covid-19 pandemic became apparent from the very outset, hence exposing – in the most emphatic manner – the ills of the dominant market economy. In this opinion paper, we argue that society, as a global collective entity, has been reduced to an entity that obeys orders and dances to the rhythm set by international organizations. Furthermore, the severely restricted political and social rights might be a dress rehearsal of what the future holds for humanity.

Keywords

capitalism, Covid-19, economic policy, neoliberalism, political elites

Introduction

The coronavirus pandemic has exposed the Achilles's heel of capitalism. Underfunded and ageing health systems across the capitalist world are crumbling whilst the global economy has entered a recessionary spiral. Global stock markets and economic activities are faltering despite the panic-stricken expedients of many governments to support them. The first signs of the global tsunami are reflected by the decline in industrial production and an increase in unemployment.

The outbreak of the pandemic has caused global economic forecasts to be revised downwards and negative growth rates are now predicted. Mainstream economists have been swift to attribute this imminent crisis to exogenous factors such as the Covid-19 pandemic. This comes as no surprise given that for the ills of capitalism the culprit is always an 'alien invader' that destabilizes the market economy.

An alternative explanation for the unprecedented unfolding crisis is sought in the realms of capitalist accumulation (see, Alexiou and Nellis, 2018). In this context, the 2008 Global Financial Crisis (GFC) is thought to have been caused by the over-accumulation of capital and the ensuing declining profitability. The devastating effects of the GFC were countered by more state intervention as manifested in the expansionary nature of both monetary and fiscal policies. These expansionary policies caused global stock markets to rally. The real sector of the economy however exhibited

signs of stagnation, which some economists named 'secular' to indicate that the pre-crisis levels of economic activity were difficult to attain and, as a result, a new recession is lurking around the corner, which by the way started setting in long before the pandemic broke out.

In this opinion paper, we start by setting the scene that followed the Covid-19 pandemic, followed by assessing the behaviour of the political elites in the context of the unfolding reality. The last section provides some concluding thoughts.

Setting the scene

The first reaction of the Chinese regime to Covid-19 pandemic was to artfully hide or downplay the risk that the epidemic posed. It was not until a month later that the Chinese government took drastic measures, but by then it was too late. The virus had already started spreading across the world in a rampant fashion.

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Initially, the western world leaders adopted the same strategy as China by downplaying the lethality of Covid-19, but then once the crisis was out of control, they started reacting by proclaiming that the fight against the pandemic is likened to that of a World War and does not discriminate between rich and poor.

The rampant pandemic has been spreading like a wildfire, triggering the sharpest and deepest economic contraction in the history of capitalism. All of a sudden, ‘de-globalization’ started to take flesh with collapsing long supply chains and declining rates of trade and international travel. Within weeks, millions of workers joined the unemployment pool and millions of businesses were facing the most challenging times since their existence.

Government policy once inundated with neoliberal rhetoric about the benefits of fiscal consolidation – that is, ‘austerity’ – and the limitations of public policy, is slowly fading into oblivion. Key market players request additional government assistance whilst at the same time the staunchest supporters of free market ideology pleaded for unlimited public spending to bail out private enterprises.

Today, after months of ‘state-imposed quarantine’, it should be recognized that whatever the exit strategy, ‘normality’ might be a word with an ‘elusive’ meaning. The question therefore that begs an answer is rather simple: *What’s next?*

In addressing this fundamental question, one has to consider the shortcomings and flaws of capitalism. Contrary to what Marx (1990) perceived as the end of capitalism – that is, *the dynamics of capital would eventually impoverish the proletariat, hence, creating the social conditions for a revolution that would oust the bourgeois, and abolish exploitation and hierarchy* – this time an exogenous shock brought the entire global capitalist system to its ‘knees’.

The nature and functionality of health services as well as the efficacy of existing welfare systems have been tested to a point of no return. The post-war view that collective action was needed to prevent diseases had given way to slogans on efficiency and private enterprise. It appears, however, that the core apparatus of neoliberal capitalism acts as a hindrance to any action against Covid-19.

As Naidoo (2020) argues, private capital does not have the capacity to effectively respond to the severity of the pandemic. For many decades, the intentional fragmentation of the health services in conjunction with pressure on public health-care systems to privatize has left them underfunded and ill prepared (Fouskas and Gokay, 2020). Such practices that are embedded in free-market ideologies had been going on for many decades before the pandemic struck (Steinberger, 2020).

In order to avoid a generalized ‘collapse’ of the health system, governments of the major advanced economies resorted to taking extreme measures such as national lockdowns.

As such, they have been desperately trying to promulgate a sense of solidarity so that people comply with their guidelines and do not revolt against them. The issue, however, is whether the current political system will return to ‘normality’ or ‘business as usual’ when this crisis is over and most importantly what would be the role of those who wield intellectual and academic power in shaping the future of our lives?

On a more practical note, the incumbent administrations of the leading capitalist economies have managed to maintain their steering power and control over the situation by using two tried and tested approaches – that is, control as much as possible the available information through mainstream media as well as apply generalized restriction of movement for the public. In other words, they have imposed a social system of discipline.

Imposing restriction of movement resulted in the disruption of free trade, and globalization experienced its first real blow since its incipience (The Economist, 2020). Employment in many sectors, such as tourism, transportation and entertainment, has been affected immensely, and new trends concerning the nature of work have been established at a global level.

Over the last 30 years or so, we have witnessed major adjustments to employment patterns mainly due to changes in technology. These have had a profound effect on the way people perceive ‘work’ and especially the relationship between them new technologies and work. Part-time jobs and subcontracting have emerged as the new normal of what work is all about. In view of the Covid pandemic, the majority of the people have resorted to working from home with implication for productivity, mental state, consumption behaviour, etc.

Political elites and illusion

Irrespective of how we perceive the concept of society, there is a ubiquitous sense amongst us that all the measures that have been taken by governments to combat the pandemic is to protect the society and its members. Even politicians and parties that have advocated extreme ideological platforms based on individualism and nationalism have adopted a rhetoric that calls all members of the society to act collectively against the invisible biological enemy, but even more so, against the real danger posed by anti-social behaviour of certain individuals or groups of citizens.

The agenda of the rulers appear to be shifting, and the expedients used to govern a healthy and organized society have been put at the centre stage of the current debate. The collective interest of public health and safety has now emerged as a supreme good that has displaced the important values of free movement of both individuals and goods, which until recently were the dominant ideological standpoint of political choice.

Societies appear to have acquired again, after a long spell of post-modern cosmopolitanism, their national identity. Such a shift, however, might also be insidious, signalling the revival, enforcement and expansion of authoritarian practices. Democracy has been tested and brought to its limits by the recent refugee crises, which was precipitated to a large extent by the imperialistic motives of the West, and now by the Covid-19 pandemic.

Members of every nation have been portrayed as collective actors in an audience struggle, creating a collective identity, which is now recorded and reproduced daily through narratives of social responsibility and positive national self-assessment, both by national and international media and by organized social information campaigns.

Currently, society as a global collective entity, has been reduced to an entity that obeys orders and dances to the rhythm set by international organizations – that is, the European Union, the WHO or the international Science Centres of Disease Management. Governments in the context of serious public health threats and public emergencies are supposed to take measures to protect the well-being of their citizens, which is in line with international human rights law. The human rights law also recognizes that such measures restricting certain freedoms should have a legal basis, should be based on valid scientific evidence and should be respectful of human dignity. In some countries, however, governments not only have they failed to uphold the right to freedom of expression, but they have provided misleading and inconsistent information that are at odds with human rights principles. It is therefore not surprising that during the Covid-19 crisis, the ability and leadership of the so-called economic superpowers, such as the USA, China and the UK, to suppress the effects of the pandemic have been questioned, whilst smaller and less influential economies such as South Korea, Taiwan and New Zealand have been rendered more efficacious.

We have now succumbed to the inevitability of substituting our lifelong contact with electronic means that are shaping our novel digital lives. At the same time, social distancing has ushered in a harsh environment of pessimism that is being constantly reinforced by contradictory epidemiological news. The role of the state has been promoted from being useless and inefficient to a sovereign, dynamic and authoritative, which offers pandemic protection and treatment services. It appears to be a modern state that has risen to its challenges by implementing expedients based on the scientific authority of its doctors and technocrats who consistently translate scientific knowledge into health guidance on a daily basis.

Modern political and social philosophy might have been inspired by other diseases and pandemics of the past, but contemporary social research has not been particularly concerned with this nascent hybrid societal formation, that links society, biology and the state. Even a novel term ‘bio-community’ has been coined to reflect the role of the social heroes or key workers of our society – that is, doctors, nurses,

cleaners, etc. The new social boundaries are defined, so that the modern society is ready to accommodate the new social norms shaped as a result of the pandemic crisis. .

Contrary to the interpretation of introverted psychological explanations, social implosion, a twisting of social ties, brings the individual not only to reflect on his/her social losses and opportunities but also to rely on scientific knowledge that is genuine and independent of interests, and political populism.

The new bio-approach might indeed confer to the state as well as to the political elite, the opportunity to reconcile with society through science and elements of trust. This novel approach has, however, limited application, as the social elites while they seem to be currently ‘heads over heels in love’ with society, at the same time they groom the social entities to cater for their desires.

Whether this is a mistake, or a political accident, it is unravelling before our very eyes. We are currently witnessing, in the context of the ‘vaccine race’, that rich countries have enough doses to vaccinate everyone multiple times, whilst poor countries don’t even have enough to vaccinate health workers and people at risk. Pharmaceutical corporations using government funding for research retain exclusive rights and keep their technology secret to boost profits, whilst many lives are in jeopardy.

In the USA, President Joe Biden’s \$1.9trn stimulus bill in conjunction with an injection of \$2.5trn into the banking system by the Treasury are expected to salvage the remnants of the American dream, whilst at the same time Lawrence Summers (one of the most influential economists of this century) warns that such expedients will lead to overheating of the economy, hence causing interest rates to increase with a possibility of recession – in so far as these measures focus exclusively on consumer spending rather than investment.

Concluding remarks

The ruling class of the capitalist governments acted swiftly to hide their criminal responsibility and portrayed the pandemic as an exogenous shock that had nothing to do with how modern capitalist states are currently run, calling everybody to join forces by changing their ill-conceived rhetoric to a more palatable gimmick ‘we are all in this together’.

Being economical with the truth has always been the most powerful weapon in the arsenal of the dominant class. This ‘viral battle’ has a clear class character! It is the workers and their immediate families who have been exposed to the most harmful health, economic and social consequences of the pandemic. It is the ‘common people’ who are risking their lives without any means of protection, making sure that society can still function.

Not only are the billionaires who own and control the planet’s wealth unwilling to make any sacrifices, but they also go the extra mile to even threaten redundancies and instruct their

employees to return to work even though their health is at risk. Their key message is that 'production must go on'. The ultimate goal is to ensure that the stream of profits keep coming to them. For some others, this pandemic can even be turned into a business opportunity. The big lie has been exposed! The consequences of this pandemic do not affect us all equally. We are NOT all in this together! It is the workers that are suffering the most, whilst the bourgeoisie is preoccupied with how to achieve the maximum possible profits.

More alarmingly, the Covid-19 pandemic and the concomitant policies implied to staunch its transmission have severely restricted our political and social rights, which might be a dress rehearsal of what the future holds for us. Let's hope, as Robinson and Harrod (1936: 693) once eloquently put it, that 'any government which had both the power and will to remedy the major defects of the capitalist system would have the will and power to abolish it altogether'. Lastly, the dilemma that was once posed by Frederick Engels more than 150 years ago 'Socialism or Barbarism' can be now modified to 'Socialism or destruction of humanity'.

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Constantinos Alexiou is a Professor of Macroeconomics and Policy at Cranfield School of Management where he delivers Economics and Business related courses across the full range of the School's postgraduate and post-experience executive management programmes. In 2014 he co-developed an internationally acclaimed *Index on Intellectual Property Protection and Enforcement* that provides an assessment of the risks associated with protecting intellectual property across 49 countries. He has authored over 100 publications in academic journals such as the *Journal of Post Keynesian Economics*, *Contributions to Political Economy*, *Structural Change and Economic Dynamics*, *International Journal of Finance and Economics*, *Journal of World Business*, *International Business Review*, etc. He is a frequent contributor to many international conferences.